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THE TAX LAWYER

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Who NOT To Hire To Do Your Taxes

Tax time is coming and you'll need to decide if you'll do your own return or hire a preparer. For tips on doing it yourself, see [Should You Do Your Own Tax Return?](#) If you hire a preparer, you certainly don't want to get investigated or audited because your preparer is in trouble.

The IRS is taking steps to better regulate the tax return preparation field, ostensibly to weed out what IRS Commissioner Doug Shulman calls "unscrupulous preparers." The IRS started with having return preparers register and obtain their own Preparer Tax Identification Number ([PTIN](#)). So far about 740,000 have been issued.

Over 60% of PTIN holders are not attorneys, CPAs, or enrolled agents. CPAs, attorneys, enrolled agents and others who prepare returns must [register](#) with the IRS. Paid preparers must pass a competency exam. Preparers who are attorneys, CPAs or enrolled agents (already enrolled to practice before the IRS) are exempt from the test.

A recommendation from someone you trust is one way to select a preparer. But however you do it, you don't want to be caught up in some



kind of scheme. Some preparers have gotten in deep trouble for altering returns after they are signed. The IRS actually has a policy on this!

Tax returns altered by a CPA without the client's knowledge are **not valid**. That can cause no end of problems. In IRS [Program Manager Technical Advice 2011-013](#) the IRS considered a CPA who had prepared about 700 returns, 450 of them being filed electronically. This was part of a scheme to illegally get refunds of which the CPA took a share. See [What If Your CPA Altered Your Tax Return Without Telling You?](#) The unwitting clients who got caught up in this had to file new returns.

Another tale of misery involves the owner of a Dix Hill, New York, tax preparation business. Howard Levine, the owner of Milaur Associates/Milaur Inc. plead guilty to endeavoring to obstruct the Internal Revenue laws and aiding in the preparation of returns. Many of the tax returns he prepared for 2004 through 2009 were false, containing fictitious deductions, business expenses and corporate losses he created.

In fact, Levine admitted to preparing no fewer than 56 false returns resulting in a tax loss of \$620,844. Despite an injunction in 2009 barring Levine from preparing returns he continued to prepare returns, and continued preparing false ones! Levine faces a potential maximum sentence of six years in prison and a fine of up to \$500,000. Sentencing is set for April 26, 2012.

The vast bulk of return preparers are honest and do their best to comply with the law and to help you. Stay away from the few bad apples.

For more, see:

[IRS May Fingerprint Tax Return Preparers](#)

[IRS Wants You To Report Abusive Tax Promotion or Return Preparers](#)

[IRS Tips For Choosing A Return Preparer](#)

[E-Filing And IRS Website](#)

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